

Abstract

Merger of a parent company and its subsidiary and its specificity compared to the general regulation of mergers

The topic of this diploma thesis are the mergers between parent companies and subsidiaries. In my view, this is a very relevant topic nowadays which can be often faced in practice. The aim of this thesis is above all to describe the differences between this type of mergers and the other types (it is not my aim to describe the whole process of mergers between parent companies and subsidiaries step by step as a large part of regulation of this process is similar to the general merger process regulation).

This thesis is divided into eight main chapters.

In the first chapter current regulation and its historical development are outlined.

The aim of the second chapter is to compare the incentives which lead to mergers between parent companies and subsidiaries and the incentives which lead to the other mergers. Of course, both partly overlap. However, there exist some differences, which are described in this chapter.

Chapter three deals with the mergers between parent and subsidiary joint stock companies. To a large extent it consists of the analysis of the simplified approval process of such merger, which is included in the Czech legislature. Furthermore it includes the analysis of the share surrender issues.

The next chapter deals with the mergers between parent and subsidiary limited liability companies. In comparison to joint stock companies, the relevant regulation is (and historically was) significantly briefer. Thus this chapter is considerably shorter than the previous one.

Chapter five is concerns the question whether a merger between a parent company and its 100 % subsidiary is (according to the Czech regulation) really a merger or a transfer of the assets to the company member. This issue is common to both joint stock company and limited liability company.

In the sixth chapter I examine the questions regarding the raising of the authorized capital by using the assets of the company which ceases to exist. The relevant regulation creates the impression as if the mergers which I am concerned with had not existed. Therefore, it is necessary to explain certain issues which are not governed by the written law.

Chapter seven analyses the court decision No. 29 Odo 989/2006, which is of significant importance regarding the mergers between parent companies and subsidiaries.

And finally the last chapter describes the role of the parent-subsidary mergers during the leveraged buyout procedure, where such mergers very often appear. However, it is not the aim of this chapter to describe the whole leveraged buyout process thoroughly.

At the end of my thesis I summarise my findings and mention the problems which appeared in the course of the preparation of this diploma thesis.